



2011 ENDOWMENT REPORT

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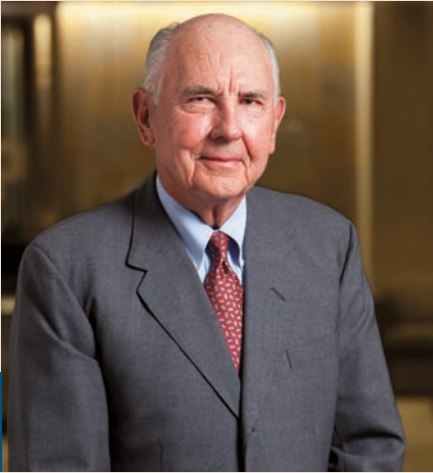
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Endowment HIGHLIGHTS



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Enhancing Engineering— Former Trustee Donates \$8 million to Create Scholarship Program

GW is poised to educate the world's next generation of leaders in engineering thanks to an \$8 million endowment gift from former trustee, A. James Clark, Hon. D.Eng. '10, chairman of the board and CEO of Clark Enterprises, Inc. Mr. Clark's donation will establish the A. James Clark Engineering Scholars program for top undergraduate engineering students. A trustee emeritus at GW, Mr. Clark received an honorary doctorate of engineering from GW in 2010.

"I am very excited about the Clark Engineering Scholars program," says Mr. Clark. "Education is the key to our nation's future and this program, coupled with a GW education, will provide an excellent foundation for a lifetime of opportunity, enjoyment and contributions to society."

Housed in GW's School of Engineering and Applied Science (SEAS), the program will award an annual merit-based scholarship. Scholars will also participate in a professional "boot camp" led by successful SEAS alumni, receive summer internship opportunities, and take part in a semester abroad experience. In the future, Clark Engineering Scholars will lead the boot camp.

"The School of Engineering and Applied Science is extraordinarily grateful to Mr. Clark for his vision and generosity," says SEAS Dean David Dolling. "His gift to establish the Clark Engineering Scholars program gives the school a signature program that will attract the most talented and ambitious young men and women to SEAS, and it provides an exceptional mix of student leadership training and experiences that very few programs across the country offer."

In Fiscal Year 2010-2011

- GW's Endowment assets increased by \$187 million to \$1.331 billion, including gifts and transfers, investment gains and spending
- 48 new endowment funds were created and \$22 million in gifts and transfers were contributed to the Endowment
- The Endowment provided nearly \$64 million in support of University activities
- Endowment assets in aggregate returned 20.73% and the Unitized Endowment Pool returned 19.64%
- The Endowment reduced its exposure to U.S. fixed income and non-U.S. developed market equities and increased allocations to U.S. equities, emerging markets equities and natural resources

In the Past 5 Years

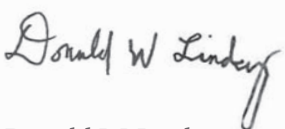
- GW's Endowment assets increased by \$367 million
- 201 new endowment funds were created and nearly \$111 million in gifts and transfers were contributed
- The Endowment distributed nearly \$285 million in support of university activities
- Endowment assets earned an average annual return of 7.60% and the Unitized Endowment Pool generated an annualized return of 3.95%
- The Endowment portfolio has become globally diversified and has made significant investments in emerging markets, natural resources and agriculture

From the chief INVESTMENT OFFICER

Since the financial crisis of 2008–2009, investors have been obsessed with the increased frequency of extreme negative moves in the global capital markets. Even though the MSCI All Country World Index returned over 30% for the fiscal year ending June 30, 2011, market sentiment remains negative over fears that the U.S. is on the brink of entering another recession. As stewards of the GW Endowment, it is important that we take a long-term view that is not clouded by an oversimplified focus on the latest economic statistics. Successfully growing the purchasing power of the endowment will not come by determining when the unemployment rate in the U.S. will come down, what the ultimate resolution of the European sovereign debt crisis will be, or what the U.S. GDP growth will be in the next year. We live in an era where we are constantly inundated with news and statistics, much of which is irrelevant to making prudent investment decisions.

Not all investment environments are the same. Markets can go through long periods of time during which certain asset classes outperform others. However, opportunities can be found in every environment and stock returns are not dependent on high GDP growth. In spite of the bleak condition of the U.S. economy, there are many U.S. companies today that have strong balance sheets, low debt, large cash balances and growing productivity. Technology has enabled small- and medium-size companies to access customers in rapidly growing emerging market economies that were previously only available to very large multi-national corporations. While it has almost become conventional wisdom that manufacturing in the U.S. has disappeared, there are many U.S. corporations that can compete globally because they have innovated and created specialized, high-end products that cannot be duplicated elsewhere in the world. Global mobile data traffic is expected to continue to grow at phenomenal rates this decade, providing a catalyst for growing global commerce.

While global stock prices may remain volatile, this should be viewed as an opportunity to embrace rather than a risk to avoid. Market volatility should be used as a tool for investors to buy stocks at a discount to their intrinsic value, thus sowing the seeds for future positive returns. We remain committed to a disciplined but opportunistic strategy that seeks to acquire fundamentally attractive assets when market prices are driven down by negative sentiment.



Donald W. Lindsey
Chief Investment Officer
The George Washington University



Meta Amalia Neumann

Alumnus Leaves Record Gift to Medical School

Alumnus Robert Cohn, MD '36, BS '32, had a distinguished career in both medicine and basic science. He also will help transform GW's Neurology program and pay tribute to his deep devotion to and love for his wife, Meta Amalia Neumann, MS '23, BA '12, with one of the largest gifts ever made by a donor to the GW School of Medicine and Health Sciences. His \$5.7 million gift creates a lasting legacy through two endowed funds at GW: a professorship, and an education and research fund. Both funds will be in Neurology, and both will bear his wife's name.

In September of 2011, Henry J. Kaminski, M.D., will be joining the faculty as the Meta Amalia Neumann Professor and Chair of the Department of Neurology. Dr. Kaminski is an internationally recognized expert in the care of patients with myasthenia gravis, a chronic autoimmune neuromuscular disease characterized by varying degrees of weakness of the skeletal (voluntary) muscles of the body.

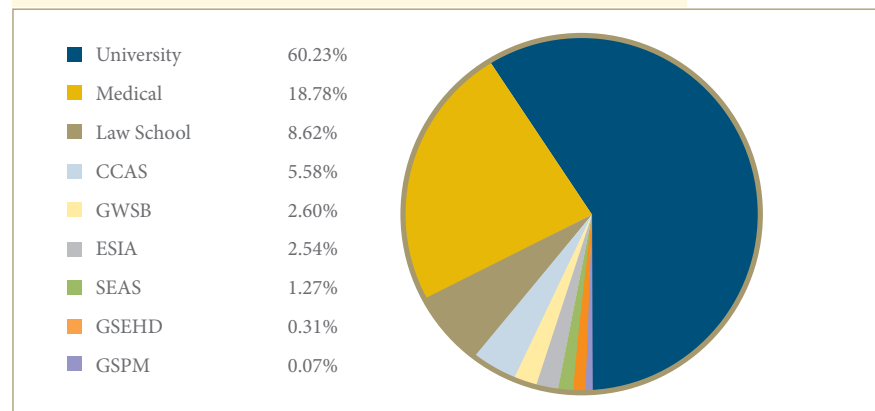
The medical school is looking forward to the expertise Dr. Kaminski will bring to student education, patient care, and research thanks to these endowments.

Overview of the ENDOWMENT

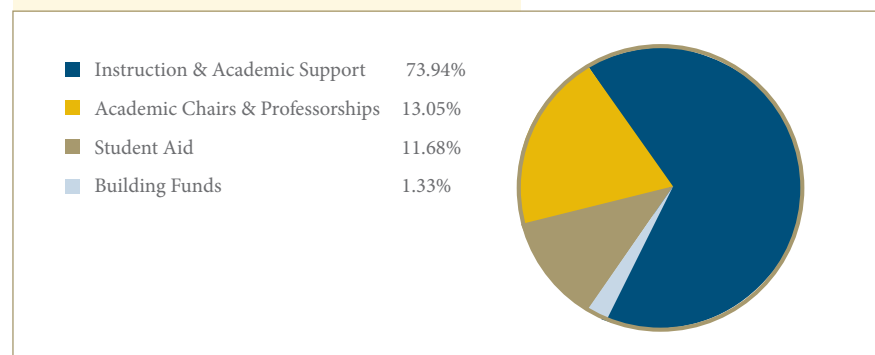
GW's Endowment is made up of approximately 1,150 individual endowment funds, most of which are designated to provide perpetual financial support for scholarships, professorships, academic and research programs, libraries, and other endowed programs. Approximately 60 percent of the Endowment benefits the university as a whole, with the remainder earmarked for individual schools.

The Endowment's spending policy, established by the Board of Trustees, is designed to provide a stable stream of income for current operations while ensuring that the Endowment will be able to provide an equivalent level of support for future generations, adjusted for inflation. Currently, the annual increase in distributions from the Pooled Endowment is capped by the change in CPI for the Washington Metropolitan Area, adjusted for new gifts received during the year. Distributions from the Endowment represented 7.2% of the university's operating expenses in fiscal year 2010-2011.

ENDOWMENT FUNDS BY SCHOOL · JUNE 30, 2011



ENDOWMENT FUNDS BY PURPOSE

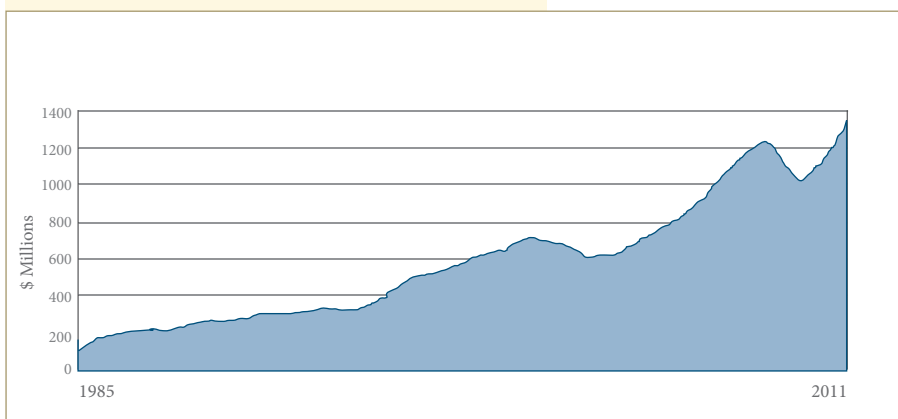


In fiscal year 2010-2011, GW's Endowment returned 20.73% net of management fees and expenses, resulting in investment gains of \$229 million. The Endowment received \$22 million in gifts and other transfers during the year and paid out nearly \$64 million to support university programs. The market value of GW's endowment assets increased from \$1.144 billion on June 30, 2010, to \$1.331 billion on June 30, 2011.

The Unitized Endowment Pool, the vehicle in which the vast majority of endowment gifts are invested, returned 19.64% for the fiscal year. The market value of the Unitized Endowment Pool increased from \$733 million on June 30, 2010, to \$847 million on June 30, 2011.

Through the university's careful financial stewardship and the continuing generosity of GW alumni, faculty, parents, students, and friends, GW's endowment assets have increased nearly 40% in the last five years and more than eight-fold since 1985.

GW ENDOWMENT ASSETS 1985–2011



Derek Rogers
GWSB 2012

“I personally pay for more than 80% of my expenses including tuition at GW. My education at GW would only be possible with the assistance of individuals who recognize the value of aiding young people with their academic endeavors.”

Endowment MANAGEMENT

The goal of the Endowment is to preserve and enhance its purchasing power while providing a relatively predictable and stable source of income to meet the needs of the University. Specific investment objectives, to be realized over complete market cycles, are:

- **To achieve an average annual rate of return, net of investment management fees and expenses, of at least 5% above inflation**
- **To control portfolio risk such that portfolio volatility is consistent with the broad equity market**

Individual endowments are typically pooled for investment purposes and tracked with unit accounting as in a mutual fund. New gifts purchase units in the Unitized Endowment Pool and receive a pro rata share of earnings. This pooled approach enables endowment funds to collectively take advantage of the diversification benefits and efficiencies that are available only to large institutional investors. In addition to the Unitized Endowment Pool, GW's endowment assets include investment real estate properties designated by the university and a handful of endowment gifts with unique investment objectives, including student-managed funds.

The Investment Committee of the Board of Trustees is responsible for oversight of the Unitized Endowment Pool. The committee establishes guidelines for investment of the Unitized Endowment Pool, including target asset allocation, and reviews the performance of the portfolio to ensure that the goals and objectives of the Unitized Endowment Pool are achieved.

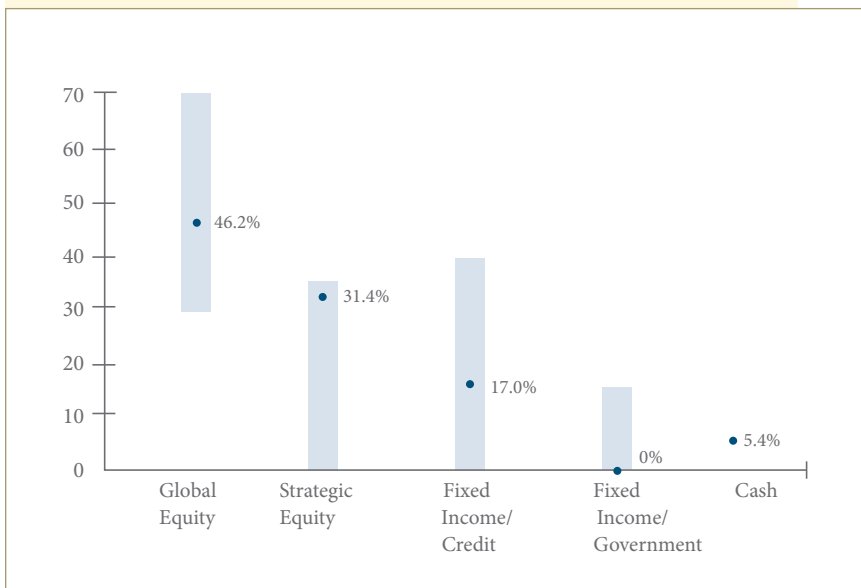
The Investment Office, which manages the Unitized Endowment Pool, is responsible for researching strategies to enhance portfolio returns and mitigate risks, selecting investments and investment managers to implement these strategies, and monitoring investment performance and risks. The portfolio is constantly monitored, and adjustments are periodically made to strategy, asset class allocations, and investment manager allocations to reflect changes in market conditions, valuations, or manager performance. The real estate investment properties designated as endowment assets are managed by the University's Office of Real Estate.

The target asset allocation of the Unitized Endowment Pool is intended to ensure that investment objectives are met and that the portfolio is broadly diversified. The target asset allocation is defined by ranges, and further ability to underweight or overweight is permitted with Investment Committee approval. In contrast to traditional asset allocation models that rely on fixed allocations to narrowly defined asset classes, the Unitized Endowment Pool's asset allocation policy gives it the flexibility to take advantage of secular trends and themes that offer the most promising return opportunities before they are widely recognized by the market.

The Unitized Endowment Pool is invested in a diversified, multi-asset class portfolio with a bias towards equity and real assets in order to keep pace with inflation over the long term. During fiscal year 2010-2011, the Endowment continued to allocate capital

to investments that capitalize on major secular themes including natural resources and emerging markets, and also increased allocations to U.S. equities, especially blue chip companies with global franchises trading at attractive valuations. The Endowment's exposure to U.S. fixed income and non-U.S. developed market equities was gradually reduced through the year.

POOLED ENDOWMENT ASSETS/STRUCTURE, JUNE 30, 2011



■ Target asset allocation range

The goal of the Endowment is to preserve and enhance its purchasing power while providing a relatively predictable and stable source of income to meet the needs of the University.



Caroline Pham
LAW 2011

“My decision to clerk while a student was shadowed by concerns over bar exam expenses.

As a result of this scholarship, I no longer had to worry about taking advantage of a richly rewarding experience.”



GW Alum and Wife Pay it Forward

Jackpot-Winning Couple Donates
\$1.1 Million to GW Power
& Promise Fund and Yellow
Ribbon Program

When Gilbert Cisneros, BA '94 first came to the George Washington University on a Navy ROTC scholarship to study political science he felt like he had entered an unknown world. When he graduated four years later, he knew that he'd been given the opportunity of a lifetime. Now Mr. Cisneros and his wife, Jacki, are making sure that future students have that same opportunity. Winners of the \$266 million California Mega Millions Jackpot last spring, the couple is taking their good fortune and paying it forward by donating \$1 million to support the GW Power & Promise Fund and another \$100,000 to the Yellow Ribbon Program for Veterans.

The couple says that they feel blessed to have the opportunity to give back to the causes that mean the most to them—especially education. Jacki Cisneros adds that their gift to GW reflects not only the couple's priorities, but also their heritage.

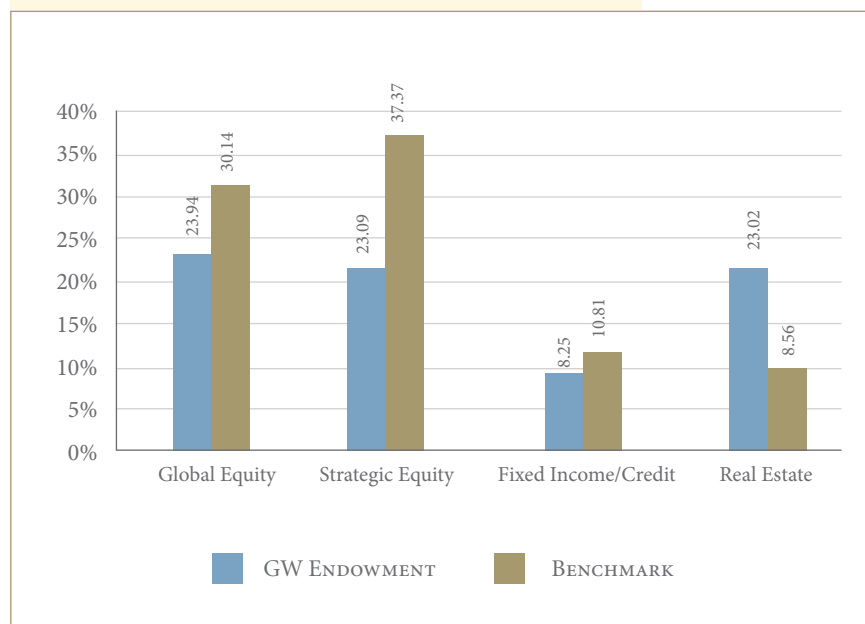
"These gifts are just part of an ongoing process," they say. "We've had this great gift bestowed upon us and we feel blessed to be able to turn around and help others. Education can be a life-changing experience that no one should miss."

Investment PERFORMANCE

For the fiscal year ending June 30, 2011, GW's Endowment returned 20.73% net of management fees and expenses. The Unitized Endowment Pool returned 19.64%, trailing the composite benchmark¹ return of 24.06%.

Global equity markets turned in very strong returns in the 12 months ending June 30, 2011, with the MSCI All Country World Index returning 30.14%. In contrast to the previous fiscal year, developed equity markets outperformed emerging markets. While the Unitized Endowment Pool registered positive returns in every quarter, and every asset class registered a positive return for the year, the portfolio and individual asset classes generally lagged in comparison to the relevant benchmarks. This relative underperformance was in part due to a bias towards value-oriented investment approaches which tend to underperform in very strong markets but hold up better in market downturns.

GW ENDOWMENT ONE-YEAR ASSET CLASS
RETURNS VS BENCHMARKS

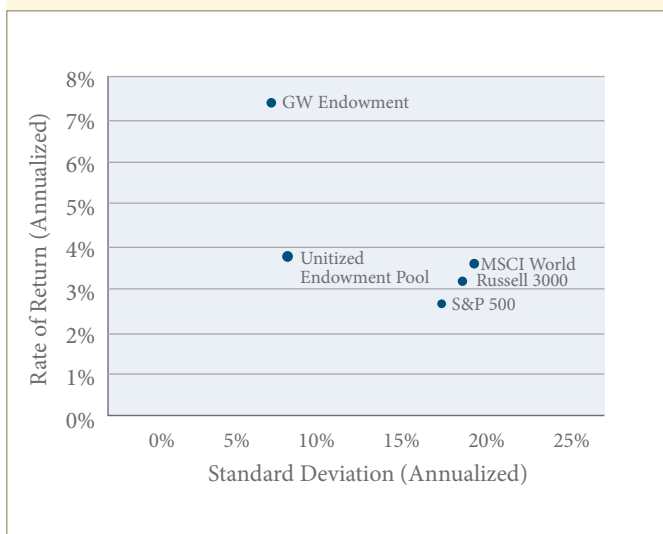


Over the past five years, the Endowment's returns have outperformed broad equity markets and with lower volatility.

GW's Endowment earned annualized returns of 5.93% over the past three years and 7.60% over the past five years. The Unitized Endowment Pool earned an annualized return of 1.56% over the past three years and 3.95% over the past five years, compared to the composite benchmark returns of 4.94% and 5.72%, respectively. Over the past five years, the Endowment's returns have outperformed broad equity markets and with lower volatility.

¹ As of July 1, 2009: 58% MSCI All Country World, 12% Russell 3000 + 500 bps, 9% Barclays Capital US Credit Intermediate, 9% Barclays Capital US Corporate High Yield, 12% Barclays Capital Government 3-5 year.

RISK VS RETURN JULY 1, 2006–JUNE 30, 2011



New Endowment Supports JD Students In Intellectual Property Field

Bruce Sewell, JD '86, senior vice president,

general counsel and secretary for Apple, Inc., and a winner of GW's Distinguished Alumni Achievement Award in 2011, is a champion for the tradition of public service and the responsibility to give back. He has said, "[the] nugget that is at the heart of our democracy is the notion that the rule of law has to really mean something . . . it can only have viability if it is accessible to everyone in a society as a matter of right, not as a matter of privilege."

That right of accessibility extends to inventors and creators, and the endowed scholarship fund Sewell and his wife Cynthia Sewell, BA '82, MBA '87, have established will support qualified JD students studying intellectual property law. Named for Mr. Sewell's father, the late Homer B. Sewell, a former GW professor and department chair devoted to the University, the endowed fund will be complemented by an annual current-use scholarship for each of the three years of the Sewells' pledged endowment investment.

Sewell sees the increasing convergence between intellectual property law and antitrust law as one of the central issues shaping competition and defining the regulation of successful technology companies in the United States and the rest of the world. He values his GW law education, especially his classes in antitrust with Professor Emeritus Glen Weston, JD '48, and notes Washington is "a splendid place to study law. You have access to government officials and can talk with regulators."

Thanks to the generosity of Bruce and Cynthia Sewell, many future GW Law students will be able to embark on their own intellectual property legal careers.

New Endowments

2010-2011

Individual endowments represent the legacy of benevolent donors who invest for long-term growth. Their permanent legacies generate funding that influences current and future generations. Endowments make it possible year after year to attract the best faculty, students, and research to GW. For the following new endowments, we thank you.

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PHILIP AMSTERDAM
ENDOWMENT FUND

THE ANDERSON FAMILY ENDOWED
SCHOLARSHIP FUND

THE ASA AND JACQUELINE BATES
ENDOWMENT FUND

THE CHARLES AND KARYN BENDIT FUND
FOR REAL ESTATE

MARCELLA BRENNER MUSEUM
EDUCATION SCHOLARSHIP FUND

THE HEATHER ROSE BURO MEMORIAL
SCHOLARSHIP FUND

CISNEROS SCHOLARSHIP FUND

THE A. JAMES CLARK ENGINEERING
SCHOLARS PROGRAM (THE CLARK
ENGINEERING SCHOLARS)

CLASS OF 1973 SCHOLARSHIP FUND

CLASS OF 1975 35TH REUNION
ENDOWED SCHOLARSHIP FUND

CLASS OF 1990 SCHOLARSHIP FUND

CLASS OF 2008 GW SPIRIT FUND

RUSSELL C. COILE MEMORIAL
LECTURE ON HEALTH FUTURES FUND

PROFESSOR ROBERT M. DUNN, JR.
MEMORIAL ENDOWMENT FUND

ECONOMICS ALUMNI ENDOWED
SCHOLARSHIP FUND

EPSILON OF SIGMA CHI SCHOLARSHIP
FUND AT GW

THE JACK FRIEDENTHAL
SCHOLARSHIP FUND

FUND FOR DEAN'S INITIATIVES (QUASI)

FUND FOR THE SOCIETY
OF PRESIDENTIAL POLLSTERS

THE FUNGER FAMILY SCHOLARSHIP

GLOBAL RESOURCES CENTER'S MIDDLE
EAST AND NORTH AFRICA (MENA)
RESEARCH CENTER

THE HYMAN M. AND JEANNE K. GOLDSTEIN
SCHOLARSHIP FUND

JAMIE GRODSKY PRIZE FOR
ENVIRONMENTAL LAW SCHOLARSHIP

THE VINCENT N. AND DULCIE E.
HOBDAV EXCELLENCE IN ENGINEERING
FELLOWSHIP

THE HOBERMAN FAMILY PRIZE

THE PHILIP AND BARBARA KAPLAN
GRADUATE FELLOWSHIP

KARLGAARD SCHOLARSHIP
IN COMPUTER ENGINEERING

THE KEE DOCTORAL LEADERSHIP
RESEARCH FUND

THE KNAPP AWARD FOR
ENTREPRENEURIAL SERVICE LEARNING

J. RICHARD KNOP SCHOLARSHIP FUND

THE HARRIET GREEN KOPP GRADUATE
FELLOWSHIP IN SPEECH AND
HEARING SCIENCE

LAW SCHOOL CLASS OF 1980
SCHOLARSHIP FUND

THE SIMON & ANNA LEE KOREA
UNIVERSITY ENDOWMENT

JOHN W. LEE MEMORIAL
SCHOLARSHIP FUND

THE MACK FAMILY ENDOWED
SCHOLARSHIP FUND

THE MICHELE MANATT SCHOLARSHIP FUND

MANUCHER MOHTASHEMI FAMILY
ENDOWED TECHNOLOGY FUND

THE MELDEN FAMILY ENDOWED
SCHOLARSHIP FUND

ENDOWMENT FOR THE INSTITUTE OF
MIDDLE EAST STUDIES IN THE ELLIOTT
SCHOOL OF INTERNATIONAL AFFAIRS

MAUREEN SCHAFFER PECKMAN ENDOWED
SCHOLARSHIP FOR WOMEN'S SOCCER
AND ATHLETICS

THE POLDEN FAMILY ENDOWED
SCHOLARSHIP FUND

THE RONALD E. PUMP ENDOWED
SCHOLARSHIP FUND

ROTHWELL, FIGG, ERNST
& MANBECK AWARD

SEAS 125TH ANNIVERSARY SCHOLARSHIP

HOMER B. SEWELL MEMORIAL
SCHOLARSHIP FUND

THE PAMELA SPANOGLA INTERNATIONAL
COMMERCIAL ARBITRATION
COMPETITION FUND

MARC M. SUSSMAN AND RICHARD
A. MORRIS ENDOWED SCHOLARSHIP FUND

TANNER ENDOWED SCHOLARSHIP FUND

THE BERNARD AND MARY UNGER
SCHOLARSHIP ENDOWMENT

HENRIK W. VIETOR GRADUATE
INTERNATIONAL FELLOWSHIPS

VIOLA POLITICAL SCIENCE ENDOWED
GRADUATE FELLOWSHIP

To review a complete list of endowed funds at the university, please visit go.gwu.edu/endowmentfunds. For information about making a gift to the endowment, please contact Mike Morsberger at (202) 994-2624.

Endowment

FREQUENTLY ASKED QUESTIONS

What are the minimum endowment levels to establish and name an endowed fund?

The minimum gift required to establish a named endowment fund is \$100,000. Endowment gifts can be pledged and paid over a period of up to five years.

May a donor restrict his or her gift?

Yes, a number of donors to George Washington choose to restrict how their funds can be used. You can designate your gift to support a particular school or program at the university.

Once established, can I continue to give to my fund?

Yes, unless you state otherwise in your memorandum of understanding when the gift is established, the fund can be left “open” to future gifts from you or other individuals who choose to support the fund.

When will an endowment begin generating payout that can be spent?

Once the initial gift has been received, the minimum required funding levels have been achieved, and all required paperwork has been completed, initial payout funds will become available within 2 to 3 months. Some exceptions may apply.

What percentage of endowment earnings are spent?

The amount of earnings that are spent each year varies because it is based on the market value of the endowment. The Board of Trustees reviews and approves the spending rate annually. The average spending rate for the past 5 years has been approximately 5 percent.

What is an “underwater” endowment?

An endowment fund is “underwater” when its market value falls below the value of the original gift(s) to the institution.

Is there a policy for spending from underwater funds?

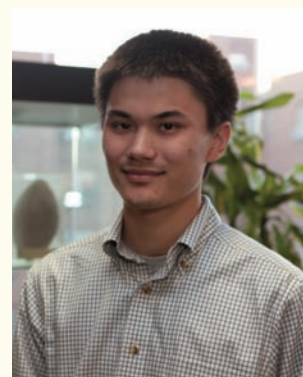
Federal and state legislation provides guidance and authority to charitable organizations concerning the management and investment of funds held by the organization. In 48 states and the District of Columbia, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) governs the spending policies and protects the interests of donors who want to see their contributions used wisely. The UPMIFA, adopted by the Council of the District of Columbia, took effect on January 23, 2008 and provides institutions with the legal authority to make prudent expenditures despite having endowment funds which have asset value below their original value (underwater funds.) The George Washington University currently follows UPMIFA’s prudent spending policy.

Will GW reinvest the payout to help my fund grow?

Endowment payout may be reinvested into the corpus of the fund at the donor’s request, if the fund does not meet minimum required funding levels or at the discretion of the University.

Does GW charge any administrative fees to manage my endowment?

GW does not charge any administrative fees in managing private endowment gifts beyond the small institutional “loads” that investment companies typically charge (usually 25 to 75 basis points). There are no custodial or consulting fees added to these investment management costs.



Albert Cramer
CCAS 2012

“I hope to go to law school as I have a strong interest in working for the federal government, either domestically or internationally. I am grateful for the opportunity to attend a great university in a great city as a result of scholarship support.”

